



PIKE TECHNICAL SERVICES, INC.
183 Tollage Creek
Pikeville, Kentucky 41501
Phone: (606) 432-0300 or Fax: (606) 433-1820

November 18, 2008

Mr. Larry Sowder
Environmental and Public Protection Cabinet
Division of Water
Frankfort Office Park
14 Reilly Road
Frankfort, KY 40601

Re: FCDC Coal, Inc.
DNR Permit No. 836-0332 NW
KPDES Permit No. Pending

Dear Mr. Sowder:

On behalf of FCDC Coal, Inc., I wish to submit for review and processing an individual KPDES for the above-referenced mining operation located at the intersection of ky route 122 and Stonecoal Branch in Floyd County, Kentucky. I have included KPDES Forms 1, C and HQAA as well as pertinent maps and analyses required for an individual KPDES permit. Water sample information will be submitted as soon as it is available.

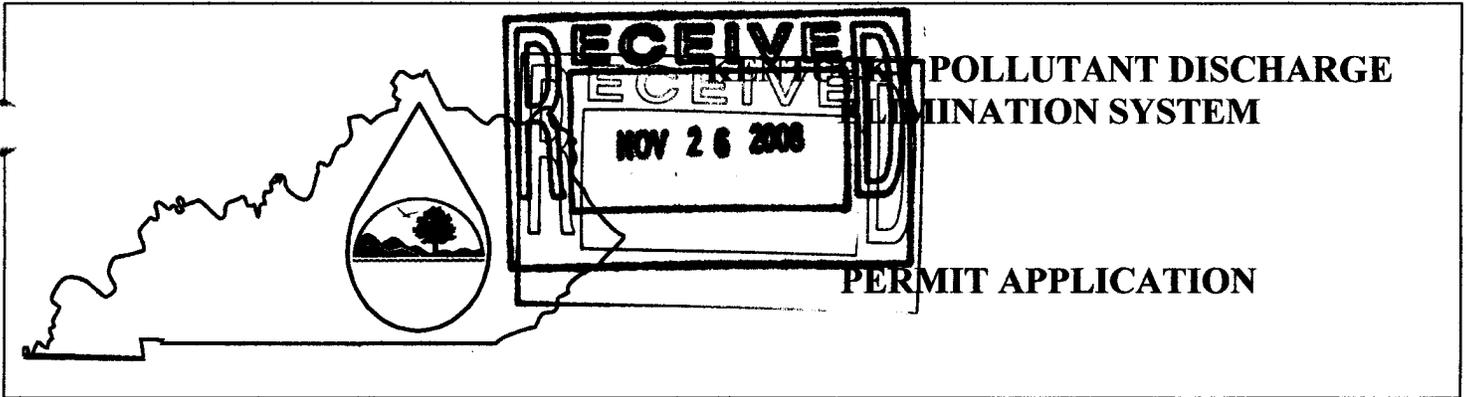
Please feel free to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Slone', written in a cursive style.

Jason Slone
Project Manager

c: file



This is an application to: (check one)

- Apply for a new permit.
- Apply for reissuance of expiring permit.
- Apply for a construction permit.
- Modify an existing permit.

Give reason for modification under Item II.A.

A complete application consists of this form and one of the following:

Form A, Form B, Form C, Form F, or Short Form C

For additional information contact:
KPDES Branch (502) 564-3410

CK 225-

I. FACILITY LOCATION AND CONTACT INFORMATION	AGENCY USE	0	1	0	7	6	5	4
A. Name of business, municipality, company, etc. requesting permit FCDC COAL, INC..								
B. Facility Name and Location					C. Facility Owner/Mailing Address			
Facility Location Name: FCDC COAL, INC.					Owner Name: FCDC COAL, INC.			
Facility Location Address (i.e. street, road, etc.): INTERSECTION OF ST. ROUTE 122 AND STONECOAL BRANCH					Mailing Street: P.O. BOX 77			
Facility Location City, State, Zip Code:					Mailing City, State, Zip Code: IVEL, KY 41642			
					Telephone Number: 606-889-8441			

II. FACILITY DESCRIPTION		
A. Provide a brief description of activities, products, etc: This application proposes a contour and highwall mining operation.		
B. Standard Industrial Classification (SIC) Code and Description		
Principal SIC Code & Description:	2121 MINING	
Other SIC Codes:		

III. FACILITY LOCATION	
A. Attach a U.S. Geological Survey 7 1/2 minute quadrangle map for the site. (See instructions)	
B. County where facility is located: FLOYD	City where facility is located (if applicable):
C. Body of water receiving discharge: STONECOAL BRANCH	
D. Facility Site Latitude (degrees, minutes, seconds): 37° 30' 40"	Facility Site Longitude (degrees, minutes, seconds): 82° 43' 14"
E. Method used to obtain latitude & longitude (see instructions): TOPOGRAPHIC MAP COORDINATES	
F. Facility Dun and Bradstreet Number (DUNS #) (if applicable):	

IV. OWNER/OPERATOR INFORMATION	
A. Type of Ownership: <input type="checkbox"/> Publicly Owned <input checked="" type="checkbox"/> Privately Owned <input type="checkbox"/> State Owned <input type="checkbox"/> Both Public and Private Owned <input type="checkbox"/> Federally owned	
B. Operator Contact Information (See instructions)	
Name of Treatment Plant Operator: N/A	Telephone Number:
Operator Mailing Address (Street):	
Operator Mailing Address (City, State, Zip Code):	
Is the operator also the owner? Yes <input type="checkbox"/> No <input type="checkbox"/>	Is the operator certified? If yes, list certification class and number below. Yes <input type="checkbox"/> No <input type="checkbox"/>
Certification Class:	Certification Number:

V. EXISTING ENVIRONMENTAL PERMITS		
Current NPDES Number:	Issue Date of Current Permit:	Expiration Date of Current Permit: PENDING
Number of Times Permit Reissued:	Date of Original Permit Issuance:	Sludge Disposal Permit Number:
Kentucky DOW Operational Permit #:	Kentucky DSMRE Permit Number(s): 836-0332 NW	PENDING

C. Which of the following additional environmental permit/registration categories will also apply to this facility?

CATEGORY	EXISTING PERMIT WITH NO.	PERMIT NEEDED WITH PLANNED APPLICATION DATE
Air Emission Source	N/A	
Solid or Special Waste	N/A	
Hazardous Waste - Registration or Permit	N/A	

VI. DISCHARGE MONITORING REPORTS (DMRs)
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KPDES permit holders are required to submit DMRs to the Division of Water on a regular schedule (as defined by the KPDES permit). The information in this section serves to specifically identify the department, office or individual you designate as responsible for submitting DMR forms to the Division of Water.

A. Name of department, office or official submitting DMRs:	MARILYN HALBERT
B. Address where DMR forms are to be sent. (Complete only if address is different from mailing address in Section I.)	
DMR Mailing Name:	FCDC COAL, INC.
DMR Mailing Street:	P.O. BOX 77
DMR Mailing City, State, Zip Code:	IVEL, KY 41642
DMR Official Telephone Number:	606-889-8441

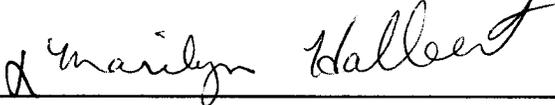
VII. APPLICATION FILING FEE

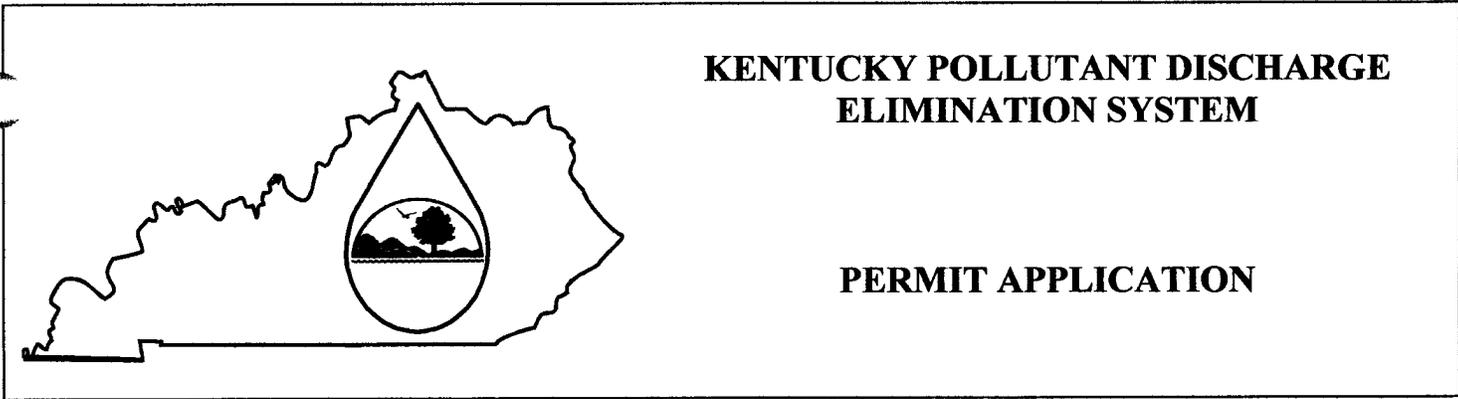
KPDES regulations require that a permit applicant pay an application filing fee equal to twenty percent of the permit base fee. Please examine the base and filing fees listed below and in the Form 1 instructions and enclose a check payable to "Kentucky State Treasurer" for the appropriate amount. Descriptions of the base fee amounts are given in the "General Instructions."

Facility Fee Category: Surface Mining Operation	Filing Fee Enclosed: \$240.00
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VIII. CERTIFICATION

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME AND OFFICIAL TITLE (type or print): MARILYN HALBERT, ENGINEER	TELEPHONE NUMBER (area code and number): 606-889-8441
SIGNATURE 	DATE: November 20, 2008



A complete application consists of this form and Form 1.
 For additional information, contact KPDES Branch, (502) 564-3410.

Name of Facility: FCDC COAL, INC.	County: FLOYD
I. OUTFALL LOCATION	AGENCY USE: 0 1 0 7 6 5 4

For each outfall list the latitude and longitude of its location to the nearest 15 seconds and the name of the receiving water.

Outfall No. (list)	LATITUDE			LONGITUDE			RECEIVING WATER (name)
	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds	
Reference							
Attachment I.A							

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES

- A. Attach a line drawing showing the water flow through the facility. Indicate sources of intake water, operations contributing wastewater to the effluent, and treatment units labeled to correspond to the more detailed descriptions in Item B. Construct a water balance on the line drawing by showing average flows between intakes, operations, treatment units, and outfall. If a water balance cannot be determined (e.g., for certain mining activities), provide a pictorial description of the nature and amount of any sources of water and any collection or treatment measures.
- B. For each outfall, provide a description of: (1) all operations contributing wastewater to the effluent, including process wastewater, sanitary wastewater, cooling water, and storm water runoff; (2) the average flow contributed by each operation; and (3) the treatment received by the wastewater. Continue on additional sheets if necessary.

OUTFALL NO. (list)	OPERATION(S) CONTRIBUTING FLOW		TREATMENT	
	Operation (list)	Avg/Design Flow (include units)	Description	List Codes from Table C-1
Reference Attachment II.A				

II. FLOWS, SOURCES OF POLLUTION, AND TREATMENT TECHNOLOGIES (Continued)

C. Except for storm water runoff, leaks, or spills, are any of the discharges described in Items II-A or B intermittent or seasonal?

- Yes (Complete the following table.) No (Go to Section III.)

OUTFALL NUMBER (list)	OPERATIONS CONTRIBUTING FLOW (list)	FREQUENCY		FLOW				Duration (in days)
		Days Per Week (specify average)	Months Per Year (specify average)	Flow Rate (in mgd)		Total volume (specify with units)		
				Long-Term Average	Maximum Daily	Long-Term Average	Maximum Daily	

III. MAXIMUM PRODUCTION

A. Does an effluent guideline limitation promulgated by EPA under Section 304 of the Clean Water Act apply to your facility?

- Yes (Complete Item III-B) List effluent guideline category:
 No (Go to Section IV)

B. Are the limitations in the applicable effluent guideline expressed in terms of production (or other measures of operation)?

- Yes (Complete Item III-C) No (Go to Section IV)

C. If you answered "Yes" to Item III-B, list the quantity which represents the actual measurement of your maximum level of production, expressed in the terms and units used in the applicable effluent guideline, and indicate the affected outfalls.

MAXIMUM QUANTITY			Affected Outfalls (list outfall numbers)
Quantity Per Day	Units of Measure	Operation, Product, Material, Etc. (specify)	

IV. IMPROVEMENTS

A. Are you now required by any federal, state or local authority to meet any implementation schedule for the construction, upgrading, or operation of wastewater equipment or practices or any other environmental programs which may affect the discharges described in this application? This includes, but is not limited to, permit conditions, administrative or enforcement orders, enforcement compliance schedule letters, stipulations, court orders and grant or loan conditions.

- Yes (Complete the following table) No (Go to Item IV-B)

IDENTIFICATION OF CONDITION AGREEMENT, ETC.	AFFECTED OUTFALLS		BRIEF DESCRIPTION OF PROJECT	FINAL COMPLIANCE DATE	
	No.	Source of Discharge		Required	Projected

B. OPTIONAL: You may attach additional sheets describing any additional water pollution control programs (or other environmental projects which may affect your discharges) you now have under way or which you plan. Indicate whether each program is now under way or planned, and indicate your actual or planned schedules for construction.

V. INTAKE AND EFFLUENT CHARACTERISTICS

A, B, & C: See instructions before proceeding – Complete one set of tables for each outfall – Annotate the outfall number in the space provided.

NOTE: Tables V-A, V-B, and V-C are included on separate sheets numbered 5-18.

D. Use the space below to list any of the pollutants (refer to SARA Title III, Section 313) listed in Table C-3 of the instructions, which you know or have reason to believe is discharged or may be discharged from any outfall. For every pollutant you list, briefly describe the reasons you believe it to be present and report any analytical data in your possession.

POLLUTANT	SOURCE	POLLUTANT	SOURCE

VI. POTENTIAL DISCHARGES NOT COVERED BY ANALYSIS

A. Is any pollutant listed in Item V-C a substance or a component of a substance which you use or produce, or expect to use or produce over the next 5 years as an immediate or final product or byproduct?

- Yes (List all such pollutants below) No (Go to Item VI-B)

B. Are your operations such that your raw materials, processes, or products can reasonably be expected to vary so that your discharge of pollutants may during the next 5 years exceed two times the maximum values reported in Item V?

- Yes (Complete Item VI-C) No (Go to Item VII)

C. If you answered "Yes" to Item VI-B, explain below and describe in detail to the best of your ability at this time the sources and expected levels of such pollutants which you anticipate will be discharged from each outfall over the next 5 years. Continue on additional sheets if you need more space.

VII. BIOLOGICAL TOXICITY TESTING DATA

Do you have any knowledge of or reason to believe that any biological test for acute or chronic toxicity has been made on any of your discharges or on a receiving water in relation to your discharge within the last 3 years?

- Yes (Identify the test(s) and describe their purposes below) No (Go to Section VIII)

VIII. CONTRACT ANALYSIS INFORMATION

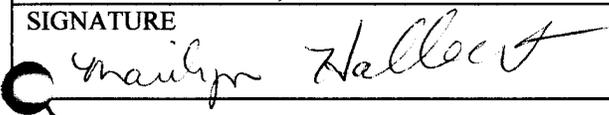
Were any of the analyses reported in Item V performed by a contract laboratory or consulting firm?

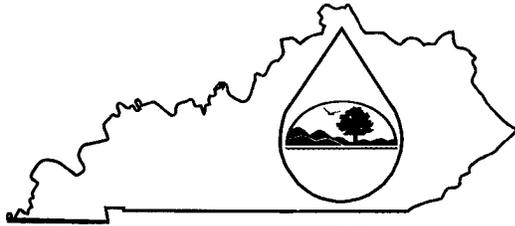
- Yes (list the name, address, and telephone number of, and pollutants analyzed by each such laboratory or firm below) No (Go to Section IX)

NAME	ADDRESS	TELEPHONE (Area code & number)	POLLUTANTS ANALYZED (list)

IX. CERTIFICATION

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

NAME AND OFFICIAL TITLE (type or print): MARILYN HALBERT, ENGINEER	TELEPHONE NUMBER (area code and number): 606-889-8441
SIGNATURE 	DATE November 20, 2008



Kentucky Pollutant Discharge Elimination System (KPDES)

High Quality Water Alternative Analysis

The Antidegradation Implementation Procedures outlined in 401 KAR 5:030, Section 1(3)(b)5 allows an applicant who does not accept the effluent limitations required by subparagraphs 2 and 3 of 5:030, Section 1(2)(b) to demonstrate to the satisfaction of the Environmental and Public Protection Cabinet that no technologically or economically feasible alternatives exist and that allowing lower water quality is necessary to accommodate important economic or social development in the area in which the water is located. The approval of a POTW's regional facility plan pursuant to 401 KAR 5:006 shall demonstrate compliance with the alternatives analysis and socioeconomic demonstration for a regional facility. This demonstration shall also include this completed form and copies of any engineering reports, economic feasibility studies, or other supporting documentation

I. Permit Information

Facility Name:	FCDC Coal, Inc.	KPDES NO.:	Pending
Address:	P.O. Box 77	County:	Floyd
City, State, Zip Code:	Ivel, KY 41642	Receiving Water Name:	Stonecoal Branch

II. Alternatives Analysis - For each alternative below, discuss what options were considered and state why these options were not considered feasible.

1. **Discharge to other treatment facilities.** Indicate which treatment works have been considered and provide the reasons why discharge to these works is not feasible.

Reference Attached II, Alternatives Analysis, Item 1.

2. **Use of other discharge locations.** Indicate what other discharge locations have been evaluated and the reasons why these locations are not feasible.

Reference Attached II, Alternatives Analysis, Item 2.

II. Alternatives Analysis - continued

C **Water reuse or recycle.** Provide information about opportunities for water reuse or recycle at this facility. If water reuse or recycle is not a feasible alternative at this facility, please indicate the reasons why.

Reference Attached II, Alternatives Analysis, Item 3.

4. Alternative process or treatment options. Indicate what process or treatment options have been evaluated and provide the reasons they were not considered feasible.

Reference Attached II, Alternatives Analysis, Item 4.

II. Alternatives Analysis - continued

5. On-site or subsurface disposal options. Discuss the potential for on-site or subsurface disposal. If these options are not feasible, then please indicate the reasons why.

Reference Attached II, Alternatives Analysis, Item 5.

Evaluation of any other alternatives to lowering water quality. Describe any other alternatives that were evaluated and provide the reasons why these alternatives were not feasible.

Reference Attached II, Alternatives Analysis, Item 6.

III. Socioeconomic Demonstration

1. State the positive and beneficial effects of this facility on the existing environment or a public health problem.
Reference Attached III, Socioeconomic Demonstration, Item 1.

2. Describe this facility's effect on the employment of the area
Reference Attached III, Socioeconomic Demonstration, Item 2.

3. Describe how this facility will increase or avoid the decrease of area employment.
Reference Attached III, Socioeconomic Demonstration, Item 3.

4. Describe the industrial or commercial benefits to the community, including the creation of jobs, the raising of additional revenues, the creation of new or additional tax bases.
Reference Attached III, Socioeconomic Demonstration, Item 4.

5. Describe any other economic or social benefits to the community.
Reference Attached III, Socioeconomic Demonstration, Item 5.

III. Socioeconomic Demonstration - continued

- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|-------------------------------------|
| 6. Will this project be likely to change median household income in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Will this project likely change the market value of taxable property in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Will this project increase or decrease revenues in the county? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Will any public buildings be affected by this system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

10. How many households will be *economically* or *socially* impacted by this project? **30**
Reference Attached III, Socioeconomic Demonstration, Item 10.

11. How will those households be *economically* or *socially* impacted? (For example, through creation of jobs, educational opportunities, or other social or economic benefits.)

Reference Attached III, Socioeconomic Demonstration, Item 11.

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|-------------------------------------|
| 12. Does this project replace any other methods of sewage treatment to existing facilities?
(If so describe how) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Reference Attached III, Socioeconomic Demonstration, Item 12.

- | | <u>Yes</u> | <u>No</u> |
|--|-------------------------------------|--------------------------|
| 13. Does this project treat any existing sources of pollution more effectively?
(If so describe how.) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Reference Attached III, Socioeconomic Demonstration, Item 12.

III Socioeconomic Demonstration - continued

14. Does this project eliminate any other sources of discharge or pollutants?
(If so describe how.) Yes No

Reference Attached III, Socioeconomic Demonstration, Item 14.

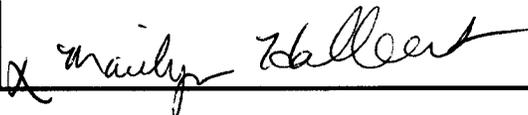
15. How will the increase in production levels positively affect the socioeconomic condition of the area?

Reference Attached III, Socioeconomic Demonstration, Item 15.

16. How will the increase in operational efficiency positively affect the socioeconomic condition of the area?

Reference Attached III, Socioeconomic Demonstration, Item 16.

IV Certification: I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Name and Title:	Marilyn Halbert, Engineer	Telephone No.:	(606) 889-8441
Signature:		Date:	November 20, 2008

II. Alternative Analysis

Item 1 Alternative treatment works have been investigated. The nearest water treatment system according to the Prestonsburg Utilities is at Prestonsburg, which is approximately 27 miles away. It would cost approximately \$1,124,000 at \$40/foot to contract the installation of 28,100 feet of collection lines and another \$5,702,400 to send the discharge to the nearest treatment facility at Prestonsburg. This would be a total cost of \$6,826,400 to collect and transport the discharge to the Prestonsburg facility. A sedimentation pond would also need to be installed at the Prestonsburg facility to remove the silt from the discharges. Construction and maintenance of this sedimentation would cost approximately \$40,000. Total costs to collect, transport and treat the discharges in this manner would exceed \$6,866,400.

Another alternative would consist of transporting the discharge by trucks. It would cost approximately \$1,124,000 at \$40/foot to contract the installation of 28,100 feet of collection lines to the storage tanks. For a 25 year, 6 hour storm event the runoff from the permit area is approximately 5,771,099 gallons per hour. The client would have to purchase 234 storage tanks for the 6 hour storm event which would cost approximately \$30,175,704 at \$128,956 per 150,000 gallon storage tank. To transport the discharge to the Paintsville facility the client would have to purchase an 8,000 gallon tank truck. The tank truck would cost approximately \$130,000 and would take 1 hour to fill. The tank truck would have to make 4,328 trips to drain the discharge from the 25 year, 6 hour storm event. Total costs to collect and transport the discharges in this manner would exceed \$30,753,704. Another alternative would consist of transporting the discharge by trucks.

Item 2 Stonecoal Branch of Left Fork Beaver Creek will directly receive the discharge from the operation located in Stonecoal Branch. Other streams that could receive discharge include unnamed tributary of Left Fork Braver Creek, unnamed tributary of Spurlock Creek, and Spurlock Creek. To collect and gather discharge from Stonecoal Branch would cost \$615,110 at \$40.00 a foot for piping. To collect from the other areas would cost \$23,000 (unnamed tributary of Left Fork Beaver Creek), \$69,690 (unnamed tributary of Spurlock Creek) and \$416,200 (Spurlock Creek) for a total of \$1,124,000. This cost is exclusive of the \$5,702,400 to transport to Prestonsburg. According to the summary of 2006 303(d) List of Impaired Waters Left Fork Beaver Creek is partial supporting in biology.

The streams within a reasonable distance empty into the Levisa Fork. This added expense as an alternative is not viable since Levisa will eventually receive the discharges anyway.

- Item 3 Water could and will be reused for dust suppression at the project site; however, the amount used is minimal when compared to the total discharge. The total drainage area is approximately 844 acres with a discharge of 96,185 gallons per minute or approximately 5,771,099 gallons per hour.

While a portion of the water could be used for dust suppression, it is generally required only during dry times when discharges are low or non-existent. Again, the amount of water used would be minimal. A water truck can carry approximately 5,000 gallons of water. Roads, ect. are generally watered twice a day during dry times. This equates to no other water is needed for recycling or reuse with the operation.

- Item 4 The cost of purchasing and installing a small package plant at the site would be approximately (\$50,000). The cost to operate and maintain this facility 24 hours a day, 7 days a week would be approximately \$11,500 per month. The plant site could be limited to an acre, but the holding facility could be as large as 10% of the drainage area or larger, since the runoff has to be treated in its entirety. The cost of constructing such a facility would run in the hundreds of thousands of dollars, since it would be required to meet all MSHA standards. The removal cost of the plant might well be at its salvage price, however the cost of eliminating the embankment and void of the holding facility would again run in the hundred thousand dollar range.

- Item 5 The only way to store the discharge on site is with a pond. To maintain the water on site without a discharge would require seven very large ponds. These ponds would have to be built in the stream thus impacting a vast portion of the stream and causing a more detrimental environmental impact that is not needed. It is nearly impossible to construct a facility that would never discharge. The cost of such a structure would cost \$1,000,000 for construction and stream mitigation of each.

Previous underground mining of the Fireclay, Elkhorn No. 1, and Elkhorn No. 2 seams within the area makes underground injection an option. However the mine maps of these seams indicate pooling of water, as will be the case in most abandoned works, already in the mines which were last licensed in the 1980s. Therefore water injected would only displace the water in the mine and would increase the potential for a blowout. Again with underground injection, you have the cost of collecting the water (\$10,000) and putting into place an injection system (\$20,000) as well as a monitoring system and warning system. No suitable place for injection can be found within a reasonable distance from this site. This process would also require a UIC permit.

Item 6 Other alternatives reviewed include reducing the standards for discharge or avoiding the project altogether.

By reducing the water quality limits, the project would experience increases in costs and additional time spent. Larger in-stream ponds would have to be constructed or in the case of sediment structure reconstructed which would have a substantial negative impact on streams and could cost as much as \$1,000,000 for construction and stream mitigation of each. Large volumes of water would need to be stored within these structures producing more danger if a structural failure were to occur. The costs of removing these ponds would also be much greater (approximately \$100,000 per pond).

Another option to consider is to avoid the project altogether. This would have many negative affects on the area including reduction of employment and the loss of valuable coal that currently keeps Kentucky's electric costs the lowest in the nation. Avoiding this operation would not only affect coal miners but also the many businesses that provide support to the mining industry. This would eliminate the 30 new jobs. It would cancel indirect affects on approximately 25 local suppliers and their families. It would do away with the 2.9 million tons of coal severance taxes and the income taxes which come directly into both the state and local economy.

III. Socioeconomic Demonstration

- Item 1 This operation will provide sediment control facilities in areas where there have been previous mining. Approximately 85.52 acres of the proposed permit area has been previously impacted by mining and 314.89 acres of the proposed permit area has been previously impacted by logging. These facilities will control the discharge of an area covering approximately 844 acres.

The movement of sediment is mostly unabated within the area but the proposed mining operation will create and maintain sediment control structures in the form of ponds. These will treat existing problems and reduce or eliminate their effect on the environment.

- Item 2 The proposed mine would be a new mine with all new personnel needed for operation. This mining operation would provide employment for approximately 30 men. These jobs provide higher wages than other industry jobs in Floyd County. The average weekly wage in the mining industry for Floyd County is \$779.76. The average weekly wage for all industries in Floyd County is \$545.49 (U.S. Bureau of Labor Statistics).

- Item 3 The economy of Floyd County is dependent on the mining industry. The mining industry in Floyd County employs nearly 574 employees. The new mine will directly provide employment for approximately 30 men. This would give out-of-work miners and associated personnel an opportunity for employment while also providing possibilities for entry-level personnel to gain experience in the mining industry. This will also affect the industries that supply the material and equipment needed for mining, as well as engineering services and training that are needed for the mining industry for employment of as many as 25 other people. The unemployment rate in Floyd County is approximately 6.5%.

- Item 4 Each new mine proposed will solidify the employment for people who may currently be employed looking for better paying jobs in the mining industry. This would allow experienced personnel to advance from current positions thus opening up new positions for less experienced miners who need employment. The proposed life of this mine is 5 years with additions possible. Approximately 2,977,945 tons are expected to be recovered from this mine which will generate around \$5,628,316 in severance taxes. Floyd County will receive approximately \$844,247 (15%) of these taxes to be used for local education, health care, and other city and county projects.

New revenue for Floyd County would also be generated from local income, property and sales taxes. The facilities will create additional revenue to the local businesses of the area through supplies and services needed for the

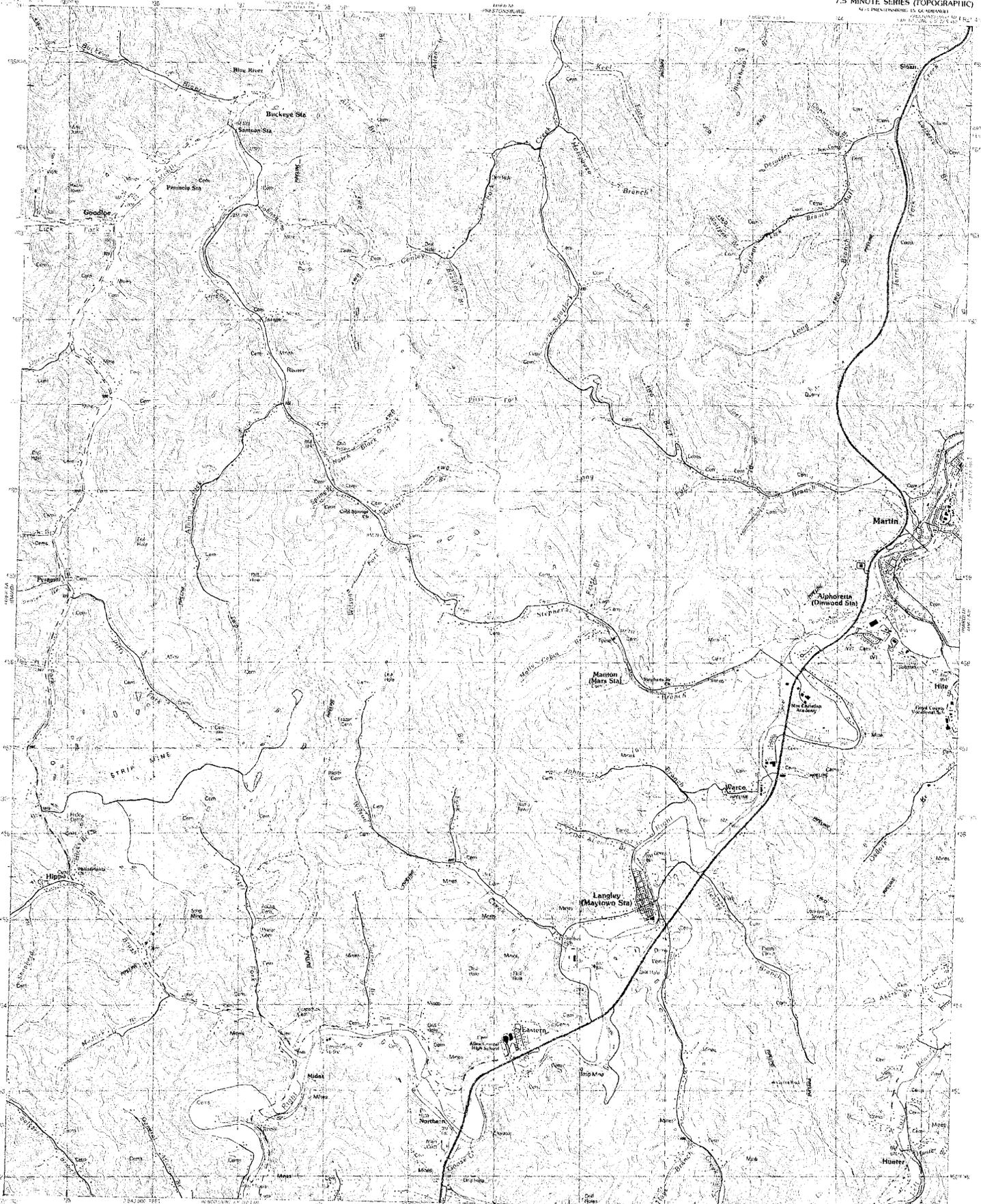
mining operation and fulfilling the needs of the employees of the operation. The proposed mining will increase economic benefits to the area and will perpetuate those already in existence.

- Item 5 The jobs this proposed mine will create provide some of the highest wages in Floyd County. With an average weekly wage of \$778.76, a Floyd County miner makes approximately \$233.27 dollars more on the week than the average industry worker in Floyd County. The creation of these jobs also allows taxes to be collected spurring community development and the creation of non-coal related jobs. Severance taxes can be used to improve schools, water lines, sewage facilities and other community resources of Floyd County.
- Item 10 The facility is expected to employ approximately 30 men. Thus it will impact the 30 households of those men plus the households of at least another 25 local business owners in Floyd and surrounding counties and their employees that provide goods and services to the facility.
- Item 11 The households of the 30 employees will be impacted by the higher than average incomes provided by the jobs. The average weekly wage in the mining industry for Floyd County is \$778.76. The average weekly wage for all industries in Floyd County is \$545.49 (U.S. Bureau of Labor Statistics). Another 25 households of the business owners and workers who provide services for the mine will be impacted by the increased revenue this mine will provide to the existing businesses. The employees will be impacted positively with a more secure employment outlook due to the increased revenue.
- Item 12 There are no other existing sewage treatment facilities located within the area to replace. The nearest facility is 27 miles away.
- Item 13 Any discharges that exist in the proposed mining area because of 85.52 acres of mining and 314.89 acres of logging activities along with all other discharges in the area will now be treated under this operation.
- Item 14 This mining permit proposes to disturbed 428.67 acres of which 85.52 acres has been previously impacted by mining and 314.89 acres has been previously impacted by logging. Drainage that flows through previously mined areas and areas that have been logged will flow through proposed sediment ponds. These current and anticipated discharged will be treated in the proposed structures.

Item 15 The increase in productivity levels not only provides jobs in Floyd County at a higher than average wage (\$778.76 for mining jobs vs. \$545.49 for other industries) but will create additional revenue for the businesses of the area. The additional revenue of the local businesses and the severance tax dollars (approximately \$844,247) generated by the project will provide the local government with additional tax revenues. These can be utilized for public safety including law enforcement, fire control, and ambulance services while also aiding in the industrial and economic development of the area.

Item 16 By conducting the preponderance of this operation through contour and highwall mining methods, we are disturbing much less surface area and accessing the coal in a more environmentally friendly way. Discharges will be reduced drastically as the surface area involved is only a fraction of what would be involved in a surface mining operation. Efficiency is increased as much less overburden needs to be removed and costs can be kept down thus providing more money to be available for the workers and in turn the economy of the area when the workers purchase goods such as homes, automobiles and food.

The surface mining portion of this permit will return the mine areas to A.O.C. while reestablishing approximate original drainage patterns and vegetation.



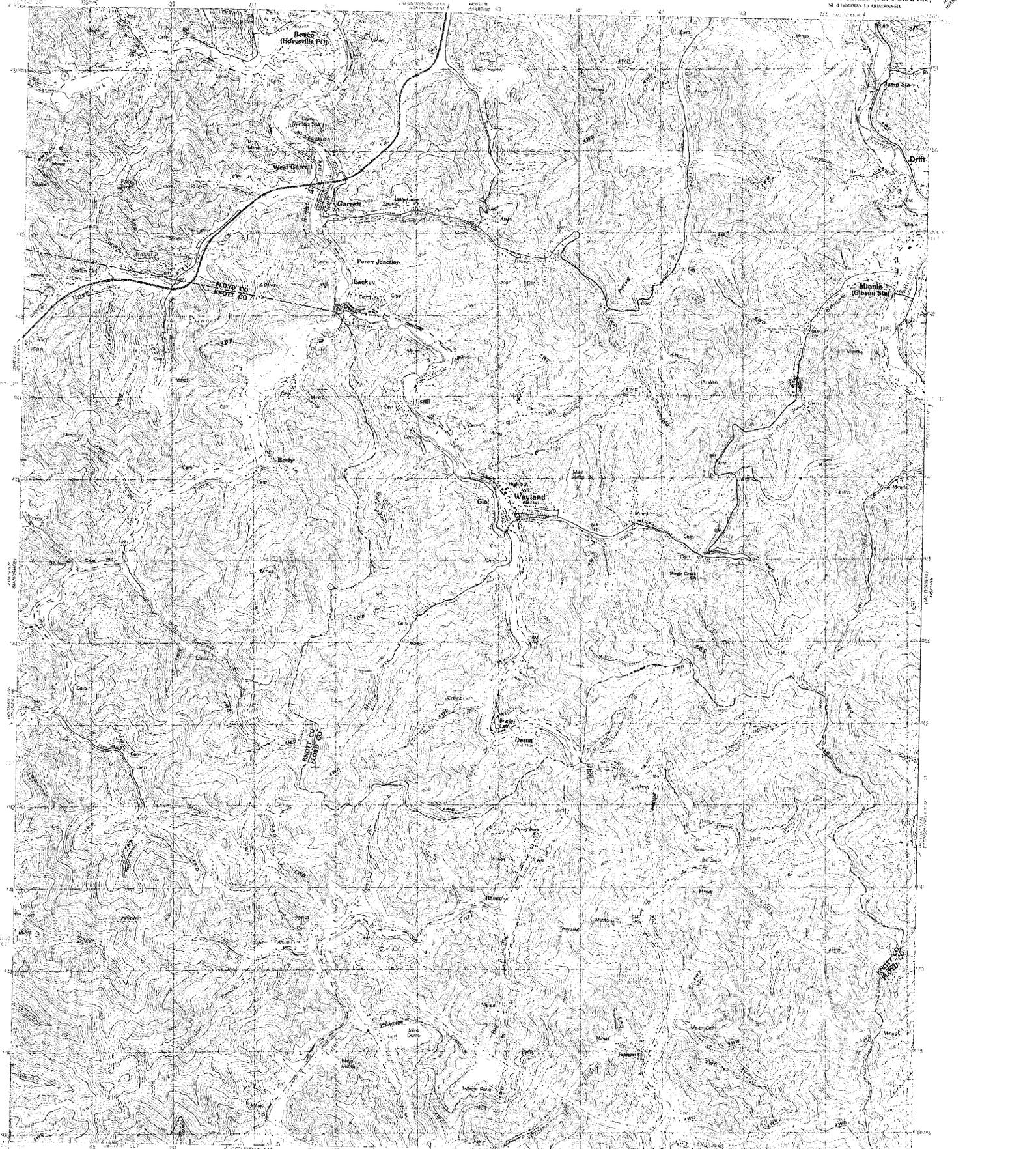
Produced by the United States Geological Survey
in cooperation with Kentucky Geological Survey
Control by USGS and NOS/NOAA
Topography by photogrammetric methods from aerial photographs
taken 1951. Field checked 1951. Revised from aerial photographs
taken 1988. Field checked 1989. Map edited 1992
Projection and 10,000-foot grid ticks: Kentucky coordinate
system, north zone (Lambert conformal conic)
1000-meter Universal Transverse Mercator grid, zone 17
1927 North American Datum
The difference between 1927 North American Datum and North
American Datum of 1983 (NAD 83) for 7.5-minute intersections
is given in USGS Bulletin 1875. The NAD 83 is shown by
dashed corner ticks.
Unlabeled wells are gas wells.

SCALE 1:24,000
CONTOUR INTERVAL 40 FEET
NATIONAL DATUM OF 1983
COMPLIES WITH U.S. GEOLOGICAL SURVEY STANDARDS FOR SPATIAL ACCURACY - CLASS 2
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
KENTUCKY GEOLOGICAL SURVEY, ELIZABETH, KENTUCKY 40506
AND KENTUCKY DEPARTMENT OF COMMERCE, FRANKFORT, KENTUCKY 40601
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

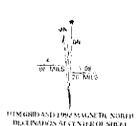
ROAD CLASSIFICATION

Primary highway, hard surface	Light-duty road, hard or improved surface
Secondary highway, hard surface	Unimproved road
Interstate Route	U.S. Route
	State Route

MARTIN, KY.
 FEBRUARY 1992
 470827-71-021
 1992
 DMA 2559 26 SE-MAPS 1883



Produced by the United States Geological Survey
in cooperation with Kentucky Geological Survey
Control by USGS and NGS, NAD 83
Topographic from color composite maps stereocompiled in 1947
Field checked 1954. Revised from aerial photographs taken 1988
Field checked 1990. Map edited 1992.
Projection and 10,000-foot grid ticks, Kentucky coordinate
system, south zone Garbath conformal conic.
1000-meter Universal Transverse Mercator grid, zone 17
1987 North American Datum.
The difference between 1927 North American Datum and North
American Datum of 1983 (NAD 83) for 7.5-minute intersections
is given in USGS Bulletin 1875. The NAD 83 is shown by
dashed contour ticks.
Unlabeled wells are gas wells.
Contours in intricate surface areas are generalized.



SCALE 1:24,000
VERTICAL
FEET
METERS
HORIZONTAL
FEET
METERS
CONTOUR INTERVAL 40 FEET
NATIONAL GEODESIC SURVEY, WASHINGTON, D.C. 20540

CONFORMS WITH U.S. GEOLOGICAL SURVEY STANDARDS FOR SPATIAL ACCURACY (CLASS 3)
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
KENTUCKY GEOLOGICAL SURVEY, LEXINGTON, KENTUCKY 40506
AND KENTUCKY DEPARTMENT OF COMMERCE, FRANKFORT, KENTUCKY 40601
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

ROAD CLASSIFICATION

Primary highway, hard surface	Light-duty road, hard or improved surface
Secondary highway, hard surface	Unimproved road
Interstate Route	U.S. Route
	State Route

Produced by
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APPLICATION NO. 858 0320 MAY 2012
SHEET 1 OF 1
DATE 05/2012
BY B. J. BROWN
CHECKED BY S. J. BROWN

WAYLAND, KY
7.5 MINUTE SERIES (TOPOGRAPHIC)
37082 17-11 028
1992
DMA 4126 (U.S. NATIONAL MAPS)